

Rich, Christopher W. (Perkins Coie)

From: Feldman, Stephen (Perkins Coie)
Sent: Tuesday, February 25, 2014 2:07 PM
To: Frederick.Phillips@USDOJ.GOV; Yackulic, Ted (yackulic.ted@epa.gov)
Cc: Villa, Clifford (Villa.Clifford@epa.gov); Rich, Christopher W. (Perkins Coie)
Subject: Queen Avenue Property
Attachments: ABSORBANT TECHNOLOGIES ACTION MEMO 11 06 13.pdf; EMAIL 1_001.pdf; EMAIL 2_001.pdf; EMAIL 3_001.pdf

Fred and Ted,

Following up on the conference call we had last Friday (i.e., February 21, 2014), I wanted to briefly set forth the pertinent sequence of events concerning the Queen Avenue property (the "Queen Property"). I am providing this information primarily for Fred's benefit, as he was not, to the best of my knowledge, directly involved in most of these events. I also believe that setting forth the sequence of events will help to show that our clients (i.e., the owners/landlords of the Queen Property (the "Queen Owners")), who simply inherited a problem caused by their tenant, Absorbent Technologies, Inc. ("ATI"), have not only had to incur an inequitable share of the mess made by someone else, but nevertheless have acted in good faith throughout the remediation process:

1. In October 2013, EPA was called to the Queen Property (due to the abandonment of the property by ATI). EPA performed certain emergency response actions and directed the Queen Owners to perform the remainder of the necessary response actions.
2. In accordance with the EPA directive, the Queen Owners promptly hired River City Environmental, Inc. ("River City") to perform the necessary response actions and to do so in compliance with the Action Memorandum prepared by EPA's on-scene coordinator, Dan Heister. (A copy of the Action Memorandum is attached.) River City, in turn, subcontracted with NRC Environmental Services, Inc. ("NRC") to perform the necessary hazardous substance removal and disposal tasks. EPA approved and consented to the retention of River City and NRC. (Also, as mentioned during our conference call, NRC is a well-respected environmental engineering firm, which routinely works for the State of Oregon in connection with projects requiring the removal and/or disposal of hazardous substances.)
3. Between October 2013 and January 2014, River City and NRC performed the response actions as directed by EPA, and they performed this work in coordination with and under the supervision of Dan Heister (as well as EPA's own consultant, Ecology and Environment, Inc.). Notably, the Queen Owners incurred hundreds of thousands of dollars in connection with this work by River City/NRC, with this amount being on top of the amounts incurred by EPA.
4. On January 10, 2014, the Queen Owners received written confirmation from EPA that "all on-Site work [at the Queen Property] has been completed." More precisely, this confirmation was given in an email from Ted that specifically stated as follows: **"Dan Heister has told me that the removal action work selected by EPA at both the Queen Street and Ferry Street Absorbent Technologies properties has been completed. We are waiting for copies of waste manifests for waste materials sent off-site for disposal. But all on-Site work has been completed."** (A copy of this January 10, 2014 email is attached; emphasis added.)
5. Over the next several weeks, and as you know, we mutually negotiated, agreed upon, and executed a Settlement Agreement concerning the response costs incurred by EPA at the Queen Property (as well as at the Ferry Street property) through January 31, 2014. Paragraph 9 of the Settlement Agreement once again confirms that EPA oversaw the work done at the Queen Property (as well as at the Ferry Street property) and that EPA considers that work to have been performed fully and correctly. Paragraph 9 specifically states as follows:
 - On November 6, 2013, EPA issued an Action Memorandum that selected additional response actions to complete the removal action necessary to address environmental and human health risks posed by conditions at the Site. **The selected actions were performed by the Queen Owners and the Ferry Owner under the oversight of EPA. EPA's oversight was performed by its On-Scene Coordinator, Dan Heister, with the assistance of Ecology and Environment, Inc.** All of these Action Memorandum-

related actions were performed after the ATI bankruptcy had been converted to Chapter 7. **The EPA-selected removal action was completed at both the Queen Property and the Ferry Property on or about January 9, 2014.** EPA incurred approximately \$226,435.18 performing and overseeing the performance of response actions at the Site after October 23, 2013, the date of conversion of the Case. EPA intends to assert a chapter 7 administrative claim against the Estate for this approximately \$226,435.18 of post-conversion expense, as well as a chapter 11 administrative claim for the approximately \$172,716.14 incurred pre-conversion (together, the "EPA Admin. Claim"). (Emphasis added.)

6. In reliance on the fact that they had received written confirmation from EPA that all EPA-selected removal action had been completed, the Queen Owners undertook efforts to disassemble and remove the equipment at the Queen Property. Specifically, as a first step in that process, the Queen Owners hired a scrap metal company to disassemble and remove certain piping. Additionally, and also in reliance on the confirmation they had received that all EPA-selected removal action had been completed, as well as the fact that they had reached a settlement with EPA, the Queen Owners entered into several significant contractual commitments. (Moreover, the Queen Owners have complied with their funding obligation under the Settlement Agreement by depositing \$135,000 in the escrow account that was established as part of the settlement.)
7. On or about February 12, 2014, during the disassembly work being done at the Queen Property by the scrap metal company, some unspecified residual material was found in a section of piping. This residual material appeared to be rusty water. Although there was nothing particularly alarming about this discovery, EPA was nevertheless promptly contacted. EPA, in turn, confirmed that notwithstanding this discovery, the disassembly work could continue so long as River City or NRC was on-site to monitor the disassembly work. This confirmation was set forth in a series of emails, copies of which are attached.
8. The Queen Owners hired River City/NRC to perform the on-site monitoring of the disassembly work that EPA required. The Queen Owners have been incurring thousands of dollars per day to pay for these monitoring services.
9. On Thursday, February 20, 2014, we received notice that EPA might be returning to the Queen Property to perform additional work and that EPA may not honor the previously agreed-upon settlement. During our subsequent conference call the following day, we were told that EPA was suspending all disassembly and/or equipment removal operations at the Queen Property because EPA had heard that a worker from the scrap metal company may have received a chemical burn and that another worker had vomited.

I wish to add that in recent discussions with NRC, I was told that, to the best of its knowledge, NRC fully and effectively flushed all piping at the Queen Property. I further learned that NRC has no knowledge of any chemical burns by any of the scrap metal workers, but that NRC did observe one of the workers (who was not wearing a hard hat) bang his head more than once on the piping. (I note that this may account for the wound on the worker's head.) I further learned that NRC is of the belief that the worker who vomited likely had *not* been exposed to any toxic fumes as workers from NRC (in their monitoring role) were in the same vicinity as that worker throughout the day and none of the NRC workers had any issues, plus they apparently had meters which detected no toxic fumes. (While the NRC monitors obviously do not know why the worker vomited, they do not believe it was because of any toxic fumes or release of any hazardous substance, but more likely because the worker had eaten something that didn't agree with him or was simply sick.) In any event, we are not aware that a competent medical practitioner has confirmed that there was any acid burn or worker exposure to harmful fumes.

We fully realize that EPA must do what it needs to do to ensure that human health and the environment is protected, and that, accordingly, some degree of inquiry or follow-up may be appropriate. Please know that our clients will continue to do whatever they can to assist EPA in reaching a determination that the Queen Property has a clean bill of health. We are providing you with the above information simply in an effort to set the record straight and to show that the Queen Owners have done everything asked of them at every step in this process (and have done so at substantial personal expense). We therefore want to reiterate that we see no basis for attempting to undue the settlement previously reached by the parties. To the extent that EPA incurs response costs subsequent to January 31, 2014, those are costs that can and should be addressed separately. The Queen Owners operated in good faith in settling this matter with regard to EPA response costs incurred as of January 31, 2014, and the Queen Owners have relied on that settlement in making a series of substantial commitments. In our view, and under the facts as set forth above, if EPA were now to decide not to honor the settlement it previously agreed upon, then a substantial injustice will have been done.

We look forward to our conference call this coming Thursday. Of course, if you'd like to discuss this matter before Thursday, we will be glad to do so.

Best regards,
Stephen

Stephen M. Feldman | Perkins Coie LLP

1120 N.W. Couch Street
Tenth Floor
Portland, OR 97209-4128

PHONE: 503.727.2058

FAX: 503.346.2058

E-MAIL: sfeldman@perkinscoie.com



Please consider the environment before printing this email. Thank you.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 10

1200 Sixth Avenue, Suite 900
Seattle, WA 98101-3140

NOV 06 2013

OFFICE OF
ENVIRONMENTAL CLEANUP

SUBJECT: Action Memorandum for the Absorbent Technologies site, Albany, Linn County, Oregon

FROM: Dan Heister, On-Scene Coordinator
Emergency Preparedness and Prevention Unit

THRU: Wally Moon, Unit Manager *Ce D L L For*
Emergency Preparedness and Prevention Unit

TO: Chris D. Field, Program Manager
Emergency Management Program

I. Purpose

The purpose of this memorandum is to document the decision to initiate the emergency response action described herein for the Absorbent Technologies site (Site) located in Albany, Linn County, Oregon.

II. Site Information

A. Site Description

Site Name:	Absorbent Technologies
Superfund Site ID (SSID):	10MT
NRC Case Number:	1063079
CERCLIS Number:	
Site Location:	140 SW Queen Avenue and 2830 SW Ferry Street, Albany, OR 97322
County:	Linn
Lat/Long:	Lat.: 44.6223700 Long.: -123.1023000
Potentially Responsible Parties:	Absorbent Technologies, Inc.; David L. Ellis; Pamela Ellis; Farouk H. Hadi; Lombard Foods Inc.,
Access:	Access agreements signed 10/16/13 and 10/17/13
NPL Status:	Not listed nor proposed for listing
Removal Start Date:	10/16/13

B. Site Background

1. Removal Site Evaluation

On 11 October 2013, Absorbent Technologies, Inc., based in Beaverton, Oregon, closed its testing and manufacturing facilities located at 140 SW Queen Avenue and 2830 SW Ferry Street in Albany, Oregon. The company had previously filed for Chapter 11 bankruptcy protection in March 2013.

Absorbent Technologies leased both properties for its industrial operations. In part because of the bankruptcy, the owners of both properties are also being listed as potentially responsible parties (PRPs).

At the Queen Avenue property, Absorbent Technologies manufactured a soil additive and fertilizer used to improve crop irrigation efficiency. Among the chemicals abandoned on the property was acrylonitrile (AN), contained within a partially filled 20,000 gallon tank. AN is a flammable and corrosive chemical with the potential to impact human health (Class 2 carcinogen). The Albany Fire Department (AFD) immediately assumed responsibility for the Queen Avenue property, including security, maintaining alarm and fire suppression equipment, and maintaining utilities.

On 15 October 2013, the AFD Chief, John Bradner, requested the EPA OSC's assistance with disposal of hazardous substances abandoned at the Site. On this date, the EPA along with its contractors mobilized to the Site to assist the AFD with the identification and disposal of all hazardous substances present on-Site.

In addition to the Queen Avenue property, the Site includes a facility located nearby at 2830 SW Ferry Street. Absorbent Technologies used this facility ("Ferry R&D") for research and development purposes in support of industrial operations at the Queen Avenue property and for dewatering the end product.

2. Physical location and Site characteristics

The City of Albany is located approximately 20 miles south of Salem, Oregon and approximately 70 miles south of Portland, Oregon, along the Interstate 5 corridor in the Willamette River Valley region.

The Queen Avenue property is located south of SW Queen Avenue between SW Ferry Street (to the west) and SE Lyon Street (to the east) in Albany, Oregon. Two large warehouses are located on the 5.9-acre Queen Avenue parcel. The Ferry R&D facility is located south of the Queen Avenue property less than a half-mile. The Ferry R&D facility is surrounded to the north, south, and west by light commercial lots, and to the east by residential housing.

The Queen Avenue property is located in a mixed use area with a 400-person industrial facility to the west, and residences to the east. Parking areas are located to the north, and an undeveloped lot is located to the south. Additional residential and light industrial populations are nearby.

3. Release or threatened release into the environment of a hazardous substance, pollutant or contaminant.

Acrylonitrile (AN) is specifically listed as a hazardous substance subject to CERCLA. 40 C.F.R. Table 302.4. The EPA determined that the AN and other hazardous substances posed an actual or potential imminent and substantial threat to human health or welfare or the environment because the facility had been abandoned by Absorbent Technologies after filing for bankruptcy, and the AN was unstable thus potentially flammable and toxic.

Approximately 2,700 to 2,800 gallons of AN was abandoned inside of a 20,000 gallon STI Fireguard®, UL 2085 (protected, insulated, and fire resistant) tank designated TK-0110. Tank TK-0110 is located within secondary containment, and is equipped with AN vapor detectors, fire detectors, a fire alarm, and a foam fire suppression system; however, testing and calibration of these systems has expired. Tank TK-0110 is also equipped with a nitrogen "blanket" system designed to prevent AN from contacting oxygen.

in ambient air. Acrylonitrile is considered highly hazardous due to flammability and toxicity characteristics and can degrade into cyanide gas in a fire situation above 800 degrees Fahrenheit (F).

As part of the shipping and storage process, a "stabilizing agent" is added to the AN to inhibit its corrosive effects and to prevent polymerization. This agent is effective for only six months, and had been mixed into the AN prior to delivery to the facility more than eighteen months earlier. Neither the manufacturer's chemical expert nor the Queen Avenue Absorbent Technology facility manager could assure the EPA that any stabilizer remained in the AN. Both persons agreed that adding more stabilizer to the tank would be futile because it needed to be blended with the AN and Tank TK-0110 had no internal agitator.

Other hazardous substances at the Site included potassium hydroxide, sodium hydroxide, sulfuric acid, phosphoric acid, methanol, smaller quantities of laboratory and industrial chemicals, and compressed gases.

At the Ferry R&D property, there are at least seventeen liquid waste totes containing various chemicals including arsenic, cadmium, lead, and mercury. At the Queen Avenue y, there are also at least eighteen liquid waste totes (approximately 275 gallons each). At both properties, the EPA contractors detected hydrogen cyanide gas in the headspace of the liquid waste totes. At both locations, there were also various lab chemicals located on-Site. The totes are marked "Non-hazardous" and the contained waste was reportedly generated by a product de-watering process. The facility has a National Pollutant Discharge Elimination System (NPDES) permit from the City of Albany to discharge to its municipal wastewater treatment system. The waste totes were dated as far back as 2011.

III. Threats to Public Health Welfare or the Environment

A. Nature of Actual or Threatened Release of Hazardous Substances, Pollutants or Contaminants

The public health or welfare or the environment is threatened because of the potential for exposure to hazardous substances. The Site had been abandoned by its operators, who have gone out-of-business and filed for bankruptcy. There were no provisions for monitoring the AN, which was unstable thus potentially flammable and toxic, and the facility was unsecure thus susceptible to trespass and vandalism.

B. Applicable factors (from 40 CFR 300.415) which were considered in determining the appropriateness of a removal action:

1. Actual or potential exposure to nearby human populations, animals or the food chain from hazardous substances or pollutants or contaminants [300.415(b)(2)(i)]

There were no provisions for monitoring the AN, which was unstable and thus potentially flammable and toxic. The Site is located in a mixed use area (industrial and residential), and persons may be exposed to toxic fumes at substantial levels in the event of an explosion/fire. The Site is located as close as 100 yards to nearby houses, apartments, and condos. Many adults and children have been observed from the Site. The Site was unsecure thus susceptible to trespass and vandalism. First responders and/or nearby persons could be exposed to the hazardous substances found within the Site if the containers were tampered with and/or transported outside of the facility. The severity of health effects associated

with exposure to the combustible materials would depend on the route of exposure, dose, and duration of exposure.

2. Threat of fire or explosion [300.415(b)(2)(vi)].

Tank TK-0110 contained unstable acrylonitrile which is flammable and toxic, and could have degraded into cyanide gas when temperatures above 800 degrees F are reached. If Tank TK-0110 and/or other containers were to explode or create a fire, a chain reaction could have occurred which would have resulted in the release of toxic fumes threatening nearby persons.

3. The availability of other appropriate federal or state response mechanisms to respond to the release [300.415(b) (2) (vii)].

AFD requested the assistance of the EPA at the Site. There were no other known agencies that possess the expertise or resources to conduct an emergency response in a timely manner to address the actual or potential human health or ecological risks associated with the abandoned materials.

IV. Selected Removal Action and Estimated Costs

A. Situation and Removal Activities to Date

1. Current Situation

An emergency removal action was started on 15 October 2013 and removal of the AN was completed on 21 October 2013. The other chemicals of concern are secured on-Site pending disposal by the PRPs, subject to approval and oversight provided by EPA.

2. Removal activities to date

The PRPs have taken over the cost of maintaining 24 hour security and utilities at the Queen Avenue property, and are presently developing a plan to address the other safety and environmental issues at the Site.

3. Enforcement

See Confidential Enforcement Addendum.

B. Selected Removal Action

Acrylonitrile

The residual acrylonitrile contained within the 20,000 gallon tank was removed utilizing a vacuum truck. The AN stabilized by adding methylhydroquinone to the vacuum truck tank prior to pumping the AN. This process added sufficient agitation to blend the stabilizer. This mixture was removed from the tank and the tank was decontaminated. The acrylonitrile mixture and tank decontaminate rinsate were transported off-site for disposal at an approved facility located in Deer Park, Texas.

Other Hazardous Substances

Action Memo

Page 4 of 6

Other hazardous substances were left on-Site pending final disposition by the PRPs. In general, the remaining work subject to this action memorandum includes identification and segregation of useful product materials; pumping and draining of chemicals from tanks, piping, and other industrial equipment; removal and disposal of totes containing chemical wastes; flushing of pipes and other industrial equipment to remove chemical residues; proper disposal of containerized wastes and contaminated media; and a final assessment and reporting to confirm that remaining industrial equipment and properties at the Site are clean and safe for anticipated reuse. This work is expected to be conducted in accordance with CERCLA and the National Oil and Hazardous Substances Pollution Contingency Plan (NCP), with oversight by the EPA. It is expected that all cleanup activities will be completed by the end of the 2013 calendar year.

2. Contribution to remedial performance

Not applicable.

3. ARARs

The NCP requires that removal actions attain Applicable or Relevant and Appropriate Requirements (ARARs) under federal or state environmental or facility siting laws, to the extent practicable. (40 CFR § 300.415[j]). In determining whether compliance with ARARs is practicable, the EPA may consider the scope of the removal action and the urgency of the situation. (40 CFR § 300.415[j])

There were no ARARs identified as applicable to the emergency removal action.

4. Project Schedule

The EPA mobilized to the Site on 15 October 2013, and all work related to removal of the AN was completed by 22 October 2013. The EPA will continue to provide oversight of the PRPs' cleanup activities, which are expected to be completed by the end of the 2013 calendar year.

C. Estimated Costs*

Contractor costs (ERRS/START staff, travel, equipment)	\$250,000
Other Extramural Costs (Strike Team, other Fed Agencies)	0
Contingency costs (15% of subtotal)	\$37,500
Total Removal Project Ceiling	\$287,500

*EPA direct and indirect costs, although cost recoverable, do not count toward the Removal Ceiling for this removal action. Liable parties will be held financially responsible for costs incurred by the EPA as set forth in Section 107 of CERCLA. "

V. Expected Change in the Situation Should Action Be Delayed or Not Taken

A delay in action or no action at this Site would increase the actual or potential threats to the public health and/or the environment.


VI. Outstanding Policy Issues

The Queen Avenue property and the Ferry R&D property are closely connected in terms of geography, within one-half mile of each other in the same industrial area of Albany, Oregon. Both facilities are also related in terms of function, serving to support the curtailed industrial operations of Absorbent Technologies. Because both facilities had chemicals left in place by the operator Absorbent Technologies, this action memorandum documents Region 10's decision to treat these two facilities as one for purposes of selecting this response action, consistent with CERCLA Section 104(d)(4).

VII. Approvals

This decision document represents the selected removal action for this Site, developed in accordance with CERCLA as amended, and is consistent with the NCP. This decision is based on the administrative record for the Site.

Conditions at the site meet the NCP section 300.415(b) criteria for a removal action and through this document, I approved the removal action described herein. The total project ceiling is \$287,500, and of this amount, as much as \$170,000 came from the Regional removal allowance.


Chris D. Field, Program Manager
Emergency Management Program

11/6/13
Date